

Message Text

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ACTION AGR-08

INFO OCT-01 ARA-06 ISO-00 EB-07 COME-00 TRSE-00 CIAE-00

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 5982

INFO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: AGA, ATRA, AR

SUBJECT: CONASUPO VISIT

PASS AGRICULTURE FOR GOODMAN/SMITH

1. AGATTS WELTON AND JACOBS CALLED ON CONASUPO HEAD DE LA VEGA AND DIAZ BALLESTEROS JAN 29. THEY PLAN TO BE IN YOUR OFFICE MONDAY FEB 3, 10 AM. MEXICAN AGATT TO U.S. MANUEL FOGLIO CARRASCO ALSO ATTENDED JAN 29 MEETING AND PLANNING TO ACCOMPANY CONASUPO REPS TO TALKS AT USDA MONDAY.

2. DE LA VEGA OUTLINED MEXICO'S 1975-76 IMPORT NEEDS AS FOLLOWS:

WHEAT - 300 TO 500,000 MT

VEGETABLE OIL - 120,000 MT

SORGHUM - PERHAPS 300,000 MT

ON CORN, DE LA VEGA INDICATED THEY STILL NEEDED 1 MILLION

TONS FOR DELIVERY PRIOR OCT 1, 1975. HOWEVER, HE ALSO

STATED THEY HAD TIED DOWN ADDITIONAL 350,000 TONS FROM ARGENTINA.

(PEREZ JACOME CURRENTLY IN BUENOS AIRES AND THEY INDICATED

HE HAD CONFIRMED PURCHASE ON JAN. 28.)

3. ACCORDING TO OUR DATA, TOTAL CORN PURCHASES THROUGH DECEMBER WERE 1.1 MILLION TONS WITH TOTAL IMPORT REQUIREMENTS

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ESTABLISHED AT 1.85 MILLION TONS. ASSUMING THEY HAVE NOT YET

DEDUCTED 350,000 TON JAN. 28 PURCHASE FROM ARGENTINA FROM 1 MILLION FIGURE, THE INCREASE IN THEIR IMPORT REQUIREMENTS WOULD BE 250,000 TONS ABOVE OUR PREVIOUS ESTIMATES. THIS IS PROBABLY LINKED TO THEIR EXPRESSED DESIRE TO BUILD UP THEIR OWN STOCKS TO ASSURE ADEQUATE SUPPLIES OF BASIC FOODGRAINS AS THEY APPROACH AN ELECTION YEAR. PLEASE BEAR IN MIND THAT OUR ESTIMATED 750,000 MT STOCK LEVEL NOT NECESSARILY AVAILABLE TO CONASUPO. ONLY ABOUT 40 PERCENT MEXICAN CORN PRODUCTION ENTERS INTO COMMERCIAL TRADE IN NORMAL YEARS. DURING LAST AND CURRENT YEAR FARMERS HAVE HELD LARGER PROPORTION THEIR PRODUCTION ON FARM DUE SCARE OF FOOD SHORTAGES AND IN ANTICIPATION OF HIGHER PRICES. CONASUPO'S DESIRE BUILD UP THEIR STOCKS IS BASED ON BELIEF THEY CANNOT GAIN ACCESS TO STOCKS BEING HELD BY THOUSANDS INDIVIDUAL FARMERS AND THUS MAY NOT BE ABLE TO MEET THEIR COMMITMENTS TO LOCAL MILLERS OR TO CONSUMERS THROUGH CONASUPO'S RETAIL OUTLETS.

4. AGATT RUMINATED THAT U.S. CORN SUPPLIES WERE TIGHT BUT THAT NEW ESTIMATE OF '74 CROP HAD BEEN INCREASED SLIGHTLY AND FALLING PRICES INDICATED SOME DECLINE IN U.S. DEMAND. IN VIEW OF CONASUPO'S LARGE PURCHASES IN RECENT YEARS AND NATURAL ADVANTAGE U.S. ENJOYS IN THIS MARKET WE HOPE THEIR NEEDS CAN BE MET TO MAXIMUM EXTENT POSSIBLE. HOWEVER, PURCHASES FOR STOCK-BUILDING PURPOSES MIGHT BE DEFERRED UNTIL 1975 CROP BECOMES AVAILABLE.

5. DIAZ BALLESTEROS ALSO INDICATED THEY MIGHT BE IN MARKET FOR DRIED MILK AND THEY WOULD WANT TO DISCUSS U.S. SUPPLY PROSPECTS. JOVA

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